

29 JUN 1964

MEMORANDUM FOR: Special Support Assistant to the Deputy Director
for Support

SUBJECT : Administrative Reporting, Small Stations

REFERENCE : Memorandum for Director of Finance, from Special
Support Assistant to the Deputy Director for Support,
dated 2 June 1964, same subject

I have requested all elements of this Office concerned to review reference and an overall discussion thereof has been held at which full consideration was given to the proposal. Our conclusions are set forth below:

1. Financial Records and Reports:

- a. It is the opinion of this Office that the proposed financial accounting system offers no specific advantages over the financial accounting system presently prescribed for Class B stations and, in fact, we believe there are a number of significant disadvantages as discussed in the following paragraphs.
- b. The proposed system in our opinion in no way reduces the financial reporting tasks of small installations and in some instances actually would increase the volume of work which would be required. The proposed format requires that balances be brought forward after each transaction whereas under the present procedure balances need not be brought forward except upon the completion of a full page of transactions; however, by sub-footings the net balances of cash, advances and accountability can be readily determined at any time. A second factor relating to increased workload impact under reference proposal is the concept of multiple accounting submissions each month which would require the completion of the transmittal envelope report several times a month, each of which would represent nearly as much effort as the simple summary transmittal dispatch required only once a month under the present procedure.
- c. The proposed system set forth in reference also incorporates certain basically unsound accounting control features. The system does not include a self-balancing columnar arrangement, such as is provided in the present Cash Journal (Form 1159), whereby the balances forwarded can be readily verified by simple cross-footing. Also no provision is made for handling non-cash entries, such as changes in accountability because of transfers.

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of advances or expense items to or from the station. Further features considered procedurally unsound are (1) the requirement for addition and/or subtraction after each transaction is recorded which greatly increases the possibility for arithmetical error, and (2) the requirement for preparation of a voucher for each transaction which does not identify whether the signature on the form represents a claim for payment or an acknowledgement of receipt of funds in lieu of utilizing the more adequate Cash Voucher (Form 1158) prescribed in [REDACTED] which is designed to provide separate spaces for signature of claimant, signature to acknowledge receipt of payment, approval of the station approving officer, as well as other data relevant to the cash transaction; the non-standard size and shape of the proposed voucher form also would tend to create filing problems.

- d. The system as proposed contains inadequate instructions for the guidance of personnel at small stations who generally are not technically proficient in finance matters. The instructions are not specific as to how to control budgetary limitations or to record transfers of advances or expenses to or from the small stations. No coverage is included to describe the proper handling of checks received in settlement of amounts due the Agency.
- e. The views of representatives of this Office who have recently made TDY visits and reviewed the adequacy of present accounting and fund control procedures at small Class B stations throughout the Africa and the Western Hemisphere areas have been solicited concerning the simplicity and adequacy of such procedures. These representatives reported no significant difficulties are being experienced by station personnel in understanding and using the portion of the present system to which reference proposal is directed. Further, the Chief, Audit Staff has advised us that his branch chiefs, who collectively have had world-wide experience in auditing Class B stations, expressed the view that the present Class B station Cash Journal is probably the most readily understood and well kept record maintained by the Class B stations.
- f. Notwithstanding the views expressed above we recognize the responsibility assigned to you based upon the request of the Assistant Deputy Director for Plans that a review be made of administrative requirements levied on small stations and bases and that recommendations be made designed to eliminate unnecessary requirements and simplify all others. In accordance therewith this Office will assume the responsibility for reviewing the portions of the administrative requirements which relate to financial matters

and make recommendations to simplify such requirements and related instructions to the extent considered feasible consistent with sound control of Agency funds. We are now initiating this review and will transmit our recommended simplified financial procedures for normal review and coordination at an early date. We will, however, be glad to review our recommendations with you informally on or about 2 July 1964, before transmitting them for formal coordination.

2. Property Accountability:

This Office recognizes that the responsibility for determining the type of property accountability to be utilized at any location is primarily that of the Office of Logistics. While we are aware of the advantages of the consolidated memorandum receipt type of property records for application to very small locations, the past experience of the Agency with this system was unsatisfactory in many cases as the records were often incomplete because of breakdown in flow of documents between stations and headquarters thus contributing to difficulty in reconciling inventory listings with property on hand at the field locations. In the event it is determined to establish the consolidated memorandum receipt procedure for small stations, every effort should be exerted to avoid the weaknesses which contributed to the difficulties previously experienced with this system.



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R. H. FUCHS
Director of Finance

cc: DD/S
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